Introduction

This chapter is concerned with aspects of the political economy of structural change in Bangladesh and its altered role in the world economy in terms of the international division of labour. It sketches out the trends in economic growth and inter-sectoral relations in Bangladesh during the post-Cold War decades and assesses the relative significance of their determinants. Specifically, it distinguishes analytically between the policies of liberalization and the much wider processes of globalization, stressing that these cannot be uncritically equated. On this basis, the roles and contributions of globalization and liberalization to economic growth and patterns of unequal distribution are assessed and related to structural factors and constraints at home and abroad. The analysis takes account of shifts in the extent of external dependence of Bangladesh and the nature of linkages integrating it with the global economic and political order. In this context, the roles of state policies in shaping the economy of Bangladesh are critically reviewed in relation to the impacts of globalization and liberalization. The economic transformation of Bangladesh is also compared with those of the East Asian tiger economies, leading to an assessment of whether its performance accords with the proactive economic management characteristic of the developmental state.

The outcomes of neoliberal policy regimes in Bangladesh are assessed in terms of economic growth, poverty reduction and inequality in income and asset distribution, as well as the resultant economic and social conflicts. The relative salience of demand factors resulting from the workings of the global economy is assessed in relation to supply-side factors arising from policy impacts on the domestic economy.
In particular, examination of economic trends in the ready-made garments (RMG) and international labour migration sectors serves to illustrate the critical significance of structural determinants and constraints operating at the level of the global and domestic economies. The discussion indicates that despite growth in economic output, export earnings and foreign remittances, Bangladesh continues to face challenges of increasing inequality and social conflict, manifested in intensifying land grabs, confrontational and violent industrial relations, as well as strategic failures in economic management. These features of economic and social change are also situated within the analytical framework of capitalist transformation and its constituent processes, particularly primitive accumulation\(^1\) and the derivative notion of ‘accumulation by dispossession’\(^2\), as discussed further below.

**Analytical issues**

Given the conflation of globalization and liberalization in popular usage, it is important to maintain clear analytical distinction between the two concepts. In this chapter, I use a transformationalist approach to globalization. In this view, the process goes beyond simply *economic* forms of globalization to include political, social and cultural dimensions of global processes.\(^3\) Furthermore, in contradistinction to the anti-globalization perspective, the transformationalist approach acknowledges that contemporary globalization is marked by significant differences and discontinuities with past patterns of international relationships and linkages.

While viewed in terms of this wider analytical framework, the discussion in this chapter focuses primarily on the *economic* dimension of globalization experienced by Bangladesh (without denying or deprecating the significance of the other, non-economic dimensions). This is embodied in the multiple strands interlinking the Bangladesh and the world economies through the exchange of goods and services, subsuming flows of capital, labour, remittances, technology, information and know-how, etc.

As contrasted to the notion of globalization, I use the term liberalization as shorthand to designate neoliberal policy regimes propagating deregulation and privatization, e.g. those packaged through structural adjustment programmes and their derivatives such as Poverty Reduction Strategy Papers. The point to emphasize here is that the policies and processes constituting liberalization influence only some aspects of globalization. Indeed, economic globalization subsumes much wider...